



County of Los Angeles CHIEF EXECUTIVE OFFICE

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December 1, 2009

To: Supervisor Don Knabe, Chairman
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Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

AB 811 IMPLEMENTATION – BI-MONTHLY REPORT FOR NOVEMBER 2009

On April 14, 2009, your Board directed the Chief Executive Office (CEO), in coordination with the Treasurer and Tax Collector (TTC), Internal Services Department (ISD), and the Energy and Environmental Policy Team, to provide monthly status reports on progress in establishing a countywide energy efficiency and renewable energy financing program pursuant to AB 811, Chapter 159 Statutes of 2008. In the July status report we indicated the reports would be issued bi-monthly.

Your Board also directed that the report should include: a schedule that would permit the utilization of American Recovery and Reinvestment Act (ARRA) Federal Energy Efficiency and Conservation Block Grant (EECBG) or other Stimulus-related funding which necessitated having a program in place by July 2009; an assessment of financial viability; and an inventory of other appropriate funding sources.

Summary of Activities

Schedule Update

An updated table indicating key milestones and updated implementation dates, (changes are shown in *italics*) is included below. TTC, ISD, County Counsel, and the CEO's Operations and Community and Municipal Services Clusters have been meeting on a regular basis as a team and with AB 811 Stakeholders to develop an implementation plan for a Countywide AB 811 Program.

"To Enrich Lives Through Effective And Caring Service"

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AB 811 Milestone Timeline			
Date	Milestone	Key Document/Activity	Responsibility
June 2009	Initiate Outreach to Other Cities and Stakeholders	Conduct Stakeholder Input and Information Meetings	CEO, ISD
July 2009	Initiate Financial Analysis	Program Financial Model	TTC
November 2009	Program Designer, Implementer under Contract	ISD Energy Support Services Master Agreement (ESSMA)	ISD
November 2009	Complete First Phase Outreach to Other Cities to Include in Resolution	Cities must adopt a Council Resolution agreeing to join the County's program to participate.	CEO, ISD, TTC
January 2010	File Resolution of Intention and Other Legal Documents	Resolution of Intention, Program Boundaries Program Technical Scope Program Financial Report Form of Individual Contractual Assessment Form of Indenture Program Administrative Manual County Assigned Delegated Representative to Sign Agreements	TTC, County Counsel ISD, Consultant TTC, CEO ISD, County Counsel TTC, Bond Counsel ISD, Consultant, County Counsel CEO, ISD
February 2010	Board Hearing to Establish District and Confirm Report (Policies and Financing Plan)	All documents final	TTC, ISD, Consultant
February 2010	Program Implementation Underway	Marketing, Outreach Projects Assessment	ISD, Consultant
March 2010	Initiate Validation Lawsuit		Bond Counsel, County Counsel
June 2010	Conclude Validation Process		Bond Counsel, County Counsel
July 2010	Begin Financing Programs	Financing Available for Initial Loans	TTC, CEO, ISD

Stakeholder Outreach

Internal Services Department, TTC, and CEO have been working with individual cities and Council of Governments (COGs) to provide further information and proposed next steps for those interested in joining the County's Program. To date the County group has met with the following COGs: San Gabriel Valley Cities, South Bay Cities, Gateway Cities, and Las Virgenes-Malibu. The group has also met individually with these cities: Los Angeles, Long Beach, Pasadena, Burbank, Santa Monica, Palmdale, Lancaster, and Santa Clarita.

On September 24, 2009, the County hosted an initial stakeholder meeting for cities and COGs to discuss the design and development of the Program and to clarify cities' roles in the Program. Various subcommittees were created and volunteers from the cities have been participating in subcommittee meetings to discuss and develop Program design, implementation and administration issues.

The next all-hands stakeholder meeting is scheduled for December 7, 2009 at the Metropolitan Transit Authority Headquarters Board Room at 2:00 p.m.

Green Jobs Training Coordination

Internal Services Department and the CEO continue to meet with the Los Angeles Community College District (LACCD), the County Department of Community and Senior Services, the Los Angeles County Workforce Investment Board, and the South Bay Workforce Investment Board in order to integrate their green job training programs into the Program's workforce development activities. LACCD, the County WIB and the South Bay WIB have received approximately \$2.5 million for green job training grants through the Federal Department of Labor and the California Energy Commission (CEC).

Additional Grants in Support of AB 811

The County will apply for approximately \$26 million in additional grants through the CEC State Energy Program (SEP). These grants are specifically designed to assist local jurisdictions that are implementing AB 811-type programs. Specifically, the County will apply for grant funding under the following programs:

- Direct support to local governments who have committed to implementing community energy financing programs under AB 811 or other legislation. This funding will be targeted towards reducing the costs of the Program; i.e., paying for initial operating and administration costs, providing a reserve fund for long-term project financing, and "buying down" the initial Program interest rates for homeowners.
- Implementation of "whole house" energy programs into AB 811 type programs. The program's objective is to integrate various "tiers" of packaged energy programs which include: residential energy audits, benchmarking, inspections, and project installations to ensure optimum levels of energy efficiency are achieved in existing homes. The grants would be used for project incentives, marketing and outreach, and supporting specific green job-training initiatives.

The SEP grant applications are due on December 21, 2009; award notifications will be made in January of 2010.

The County is also applying for the Federal Competitive Energy Efficiency and Conservation Block Grant (EECBG). This grant program, which was announced in October by Vice President Biden, will make available \$380 million from the United States Department of Energy (DOE) to counties and cities that were eligible for the formula-allocated EECBG. Up to 20 grants will be awarded for amounts between \$5 and \$75 million. The DOE calls this program "Retrofit Ramp-up" and its goals are the following:

- Fund model programs that demonstrate greater participation in existing building retrofits (primarily residential) at the "neighborhood" level and can be replicable in the rest of the country;
- Leverage every dollar of "Retrofit Ramp-up" grant funding with \$5 of other funding, this goal makes it apparent that AB-811 type programs are the target of this grant as it is the only way to provide this amount of leverage;
- Support regional collaborations whose "neighborhood" programs can be replicated throughout the nation.

Given these goals the County, after consultation with the CEC, will partner with regional collaborations in other parts of the state to submit a single, statewide application in the amount of \$75 million. The regional partners include: the Bay Area Association of Governments, the Sacramento County Association of Governments, and the County of San Diego. Each of these jurisdictions is developing regional AB 811 programs. The

CEC and the California Air Resources Board have indicated they will support this partnership. The deadline for the application is December 15, 2009; award notifications will be made in January of 2010.

Program Design, Implementation and Administration Contractor

Internal Services Department has completed the solicitation and evaluation of proposals for a Program contractor. A Work Order under ISD's Energy Support Services Master Agreement (ESSMA) has been executed with a team that consists of: Bevilacqua, Knight, Inc.; Renewable Funding; The Energy Coalition; Build It Green; and the South Bay Environmental Service Center. This is a very strong team that has been involved in the State's other AB 811 programs and also includes organizations with a strong background in implementing community energy efficiency programs in the County. The County's AB 811 Contract Team began work November 16, 2009.

Financial and Bond Counsel Activities

Treasurer and Tax Collector's financial advisor has developed an initial financial model, which assesses the program's economic feasibility based on a number of variables including: dollar amount of projects financed, number of projects financed over time, interest rate for individual loan agreements, repayment period, administrative costs, timing of bond sales, and projected bond interest rates. The model is being reviewed by the County's AB 811 consultant team and will be refined to include a number of other variables: use and impact of additional grants received; possibility of obtaining of low-interest, initial financing; impact on scaling up the Program to include other cities in the County.

Ultimately, the model will determine what loan rate should be charged to charge property owners and how to structure the AB 811 program to be self-sustaining through the Program life. As mentioned in the last report, the County team is evaluating the feasibility and benefits of the use of a cash subsidy or low-interest loan from the County's investment pool or other investment pool.

Bond Counsel has previously provided a memorandum confirming the priority status of contractual assessments under AB 811 and establishing the steps necessary for the County to develop a clean energy financing program. Sonoma County has recently completed their judicial validation proceeding and the Sonoma County Superior Court has issued a decision confirming, among other things, that County's right to issue the contractual assessments under AB 811 and the priority status of the contractual assessments.

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If you have any questions, or require further information on this matter, please contact either Ellen Sandt at (213) 974-1186, or via e-mail at esandt@ceo.lacounty.gov or Lari Sheehan at (213) 893-2477, or via e-mail at lsheehan@ceo.lacounty.gov.

WTF:ES
LS:HC:os

c: Executive Officer, Board of Supervisors
Acting County Counsel
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